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**HARVEY  
WOODS  
LIMITED**

**FIRST  
HALF  
REPORT  
1969**

# HARVEY WOODS LIMITED AND SUBSIDIARY COMPANIES

## CONSOLIDATED INCOME STATEMENT

	FIRST HALF (In Thousands)	
	1969	1968
Sales.....	\$4,140	\$4,130
Costs and expenses:		
Cost of Sales — excluding depreciation and amortization.....	3,100	3,102
Marketing, general administration and shipping expenses (Note 1).....	826	822
Depreciation and amortization.....	102	100
Bond Interest.....	17	20
	<u>4,045</u>	<u>4,044</u>
Income from operations.....	95	86
 <i>Add:</i>		
Profit on purchase of first mortgage bonds for redemption.....	8	5
Net Income before taxes.....	<u>103</u>	<u>91</u>
Income taxes (Note 2).....	38	39
	<u>65</u>	<u>52</u>
Minority Interest.....	3	(1)
Net Income for six months.....	<u>\$ 62</u>	<u>\$ 53</u>

NOTE 1 — A portion of marketing and administration expenses has been treated as deferred at July 5th to 1968.

NOTE 2 — The provision for income taxes included in the consolidated income statement for 1968 (\$36,000 in 1968) the income taxes actually payable results from the carry forward for income tax purposes depreciation in excess of the full year are determined and audited.

Half-yearly statements are necessarily based partly on the full year are determined and audited.

## CONSOLIDATED STATEMENT OF WORKING CAPITAL

	FIRST HALF (In Thousands)	
	1969	1968
<b>Source of Working Capital</b>		
Operations:		
Net Income for six months.....	\$ 62	\$ 53
Depreciation and amortization.....	102	100
Reduction in current year's income tax.....	25	36
	<u>189</u>	<u>189</u>
Less profit on purchase of first mortgage bonds for redemption.....	8	5
	<u>181</u>	<u>184</u>
Other:		
Increase in minority interest.....	3	—
Sale of fixed assets.....	15	10
Decrease in first mortgage bond payments due within one year.....	—	8
	<u>199</u>	<u>202</u>
<b>Application of Working Capital</b>		
Sundry items.....	2	2
Purchase for redemption of first mortgage bonds.....	97	111
Purchase of fixed assets.....	107	65
Increase in first mortgage bond payments due within one year.....	5	—
	<u>211</u>	<u>178</u>
Increase or (Decrease) in working capital.....	(12)	24
Working capital, beginning of year.....	2,839	2,690
Working capital, end of six months.....	<u>\$2,827</u>	<u>\$2,714</u>

ses incurred (\$146,000 in 1969 and \$110,000 in 1968)  
sorbed in the last six months of the year.

onsolidated statement of income exceeds by \$25,000  
ble by the Companies. This reduction in income taxes  
tax purposes of prior years' losses and from claiming  
f that recorded in the accounts.

ates and are subject to adjustment when the results for

File  
HARVEY WOODS LIMITED AND SUBSIDIARY COMPANIES

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FIRST HALF REPORT 1969

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TO THE SHAREHOLDERS:

Your Directors submit herewith Unaudited Consolidated Statements of Income and Working Capital for the half year ended July 5, 1969.

First half sales for 1969 were only slightly ahead of first half sales for 1968. Second quarter sales were about the same as the comparative period last year. A small profit improvement was realized for the first half.

In the present economic climate the 6-8% sales increase earlier planned by your management for this year seems somewhat optimistic and unless conditions change, a lower increase is now anticipated.

Excessive inventories, because of changing sales estimates, are being brought into line with the current plan. A lower production rate for the last half is now under way, and partly as a result, earnings could be less than previously indicated.

Subsidiary company operating results are better than last year, and indications of improved export business suggest a continuation of this pattern.

The Consolidated Statement of Working Capital details Source and Application of Funds.

On Behalf of the Board of Directors,  
J. D. Woods,  
*President.*

Toronto, Ontario,  
September 2, 1969.